

FIRST REGULAR SESSION

SENATE BILL NO. 196

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

0786S.02I

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal sections 137.010 and 137.122, RSMo, and to enact in lieu thereof two new sections relating to the assessment of certain properties.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 137.010 and 137.122, RSMo, are
2 repealed and two new sections enacted in lieu thereof, to be
3 known as sections 137.010 and 137.122, to read as follows:

137.010. The following words, terms and phrases when
2 used in laws governing taxation and revenue in the state of
3 Missouri shall have the meanings ascribed to them in this
4 section, except when the context clearly indicates a
5 different meaning:

6 (1) "Grain and other agricultural crops in an
7 unmanufactured condition" shall mean grains and feeds
8 including, but not limited to, soybeans, cow peas, wheat,
9 corn, oats, barley, kafir, rye, flax, grain sorghums,
10 cotton, and such other products as are usually stored in
11 grain and other elevators and on farms; but excluding such
12 grains and other agricultural crops after being processed
13 into products of such processing, when packaged or sacked.
14 The term "processing" shall not include hulling, cleaning,
15 drying, grating, or polishing;

16 (2) "Hydroelectric power generating equipment", very-
17 low-head turbine generators with a nameplate generating
18 capacity of at least four hundred kilowatts but not more

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 than six hundred kilowatts and machinery and equipment used
20 directly in the production, generation, conversion, storage,
21 or conveyance of hydroelectric power to land-based devices
22 and appurtenances used in the transmission of electrical
23 energy;

24 (3) "Intangible personal property", for the purpose of
25 taxation, shall include all property other than real
26 property and tangible personal property, as defined by this
27 section;

28 (4) "Real property" includes land itself, whether laid
29 out in town lots or otherwise, and all growing crops,
30 buildings, structures, improvements and fixtures of whatever
31 kind thereon, hydroelectric power generating equipment, the
32 installed poles used in the transmission or reception of
33 electrical energy, audio signals, video signals or similar
34 purposes, provided the owner of such installed poles is also
35 an owner of a fee simple interest, possessor of an easement,
36 holder of a license or franchise, or is the beneficiary of a
37 right-of-way dedicated for public utility purposes for the
38 underlying land; **and** attached wires, transformers,
39 amplifiers, substations, and other such devices and
40 appurtenances used in the transmission or reception of
41 electrical energy, audio signals, video signals or similar
42 purposes when owned by the owner of the installed poles,
43 otherwise such items are considered personal property; and
44 stationary property used for transportation or storage of
45 [liquid and gaseous products, including, but not limited to,
46 petroleum products, natural gas,] propane or LP gas
47 equipment[, water, and sewage];

48 (5) "Reliever airport", any land and improvements,
49 exclusive of structures, on privately owned airports that
50 qualify as reliever airports under the National Plan of

51 Integrated Airport Systems that may receive federal airport
52 improvement project funds through the Federal Aviation
53 Administration;

54 (6) "Tangible personal property" includes every
55 tangible thing being the subject of ownership or part
56 ownership whether animate or inanimate, other than money,
57 and not forming part or parcel of real property as herein
58 defined, but does not include household goods, furniture,
59 wearing apparel and articles of personal use and adornment,
60 as defined by the state tax commission, owned and used by a
61 person in his home or dwelling place. **Stationary property**
62 **used for transportation or storage of liquid and gaseous**
63 **products, including, but not limited to, petroleum products,**
64 **natural gas that is not propane or LP gas, water, and sewage**
65 **shall be considered tangible personal property.**

137.122. 1. As used in this section, the following
2 terms mean:

3 (1) "Business personal property", tangible personal
4 property which is used in a trade or business or used for
5 production of income and which has a determinable life of
6 longer than one year except that supplies used by a business
7 shall also be considered business personal property, but
8 shall not include livestock, farm machinery, grain and other
9 agricultural crops in an unmanufactured condition, property
10 subject to the motor vehicle registration provisions of
11 chapter 301, property assessed under section 137.078, the
12 property of rural electric cooperatives under chapter 394,
13 or property assessed by the state tax commission under
14 chapters 151, 153, and 155, section 137.022, and sections
15 137.1000 to 137.1030;

16 (2) "Class life", the class life of property as set
17 out in the federal Modified Accelerated Cost Recovery System

18 life tables or their successors under the Internal Revenue
19 Code as amended;

20 (3) "Economic or functional obsolescence", a loss in
21 value of personal property above and beyond physical
22 deterioration and age of the property. Such loss may be the
23 result of economic or functional obsolescence or both;

24 (4) "Original cost", the price the current owner, the
25 taxpayer, paid for the item without freight, installation,
26 or sales or use tax. In the case of acquisition of items of
27 personal property as part of an acquisition of an entity,
28 the original cost shall be the historical cost of those
29 assets remaining in place and in use and the placed-in-
30 service date shall be the date of acquisition by the entity
31 being acquired;

32 (5) "Placed in service", property is placed in service
33 when it is ready and available for a specific use, whether
34 in a business activity, an income-producing activity, a tax-
35 exempt activity, or a personal activity. Even if the
36 property is not being used, the property is in service when
37 it is ready and available for its specific use;

38 (6) "Recovery period", the period over which the
39 original cost of depreciable tangible personal property
40 shall be depreciated for property tax purposes and shall be
41 the same as the recovery period allowed for such property
42 under the Internal Revenue Code.

43 2. To establish uniformity in the assessment of
44 depreciable tangible personal property, each assessor shall
45 use the standardized schedule of depreciation in this
46 section to determine the assessed valuation of depreciable
47 tangible personal property for the purpose of estimating the
48 value of such property subject to taxation under this
49 chapter.

50 3. For purposes of this section, and to estimate the
 51 value of depreciable tangible personal property for mass
 52 appraisal purposes, each assessor shall value depreciable
 53 tangible personal property by applying the class life and
 54 recovery period to the original cost of the property
 55 according to the following depreciation schedule. The
 56 percentage shown for the first year shall be the percentage
 57 of the original cost used for January first of the year
 58 following the year of acquisition of the property, and the
 59 percentage shown for each succeeding year shall be the
 60 percentage of the original cost used for January first of
 61 the respective succeeding year as follows:

62	Year	Recovery Period in Years					
63		3	5	7	10	15	20
64	1	75.00	85.00	89.29	92.50	95.00	96.25
65	2	37.50	59.50	70.16	78.62	85.50	89.03
66	3	12.50	41.65	55.13	66.83	76.95	82.35
67	4	5.00	24.99	42.88	56.81	69.25	76.18
68	5		10.00	30.63	48.07	62.32	70.46
69	6			18.38	39.33	56.09	65.18
70	7			10.00	30.59	50.19	60.29
71	8				21.85	44.29	55.77
72	9				15.00	38.38	51.31
73	10					32.48	46.85
74	11					26.57	42.38
75	12					20.67	37.92
76	13					15.00	33.46
77	14						29.00
78	15						24.54

79	16	20.08
80	17	20.00

81 Depreciable tangible personal property in all recovery
82 periods shall continue in subsequent years to have the
83 depreciation factor last listed in the appropriate column so
84 long as it is owned or held by the taxpayer. The state tax
85 commission shall study and analyze the values established by
86 this method of assessment and in every odd-numbered year
87 make recommendations to the joint committee on tax policy
88 pertaining to any changes in this methodology, if any, that
89 are warranted.

90 4. Such estimate of value determined under this
91 section shall be presumed to be correct for the purpose of
92 determining the true value in money of the depreciable
93 tangible personal property, but such estimation may be
94 disproved **by a taxpayer** by substantial and persuasive
95 evidence of the true value in money under any method
96 determined by the state tax commission to be correct,
97 including, but not limited to, an appraisal of the tangible
98 personal property specifically utilizing generally accepted
99 appraisal techniques, and contained in a narrative appraisal
100 report in accordance with the Uniform Standards of
101 Professional Appraisal Practice or by proof of economic or
102 functional obsolescence or evidence of excessive physical
103 deterioration. For purposes of appeal of the provisions of
104 this section, the salvage or scrap value of depreciable
105 tangible personal property may only be considered if the
106 property is not in use as of the assessment date.

107 5. This section shall not apply to business personal
108 property placed in service before January 2, 2006. Nothing

109 in this section shall create a presumption as to the proper
110 method of determining the assessed valuation of business
111 personal property placed in service before January 2, 2006,
112 **provided, however, that as of January 1, 2021, this section**
113 **shall apply to all stationary property used for**
114 **transportation or storage of liquid and gaseous products,**
115 **including, but not limited to, petroleum products, natural**
116 **gas that is not propane or LP gas, water, and sewage that**
117 **was or will be placed in service at any time.**

118 6. The provisions of this section are not intended to
119 modify the definition of tangible personal property as
120 defined in section 137.010.

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